2/17/83
A 2575-2

American Petroleum Institute
1220 L Street, Northwest
Washington, D.C. 20005

Monthly Statistical Report

Prepared by the Statistics Department

Vol. 8, No. 1

FEBRUARY 15, 1984

JANUARY 1984

ESTIMATED U.S. PETROLEUM BALANCE

SUMMARY

The level of total petroleum products supplied rose 2,457 MBD (16.6%) in January over year-earlier deliveries. As detailed by product category below, about two-thirds of the total increase is the result of adjustments in distributor and end-user inventories this year or last, and the remainder stems from an increase in demand from both the growth of the economy and weather-related factors. All product categories shared in the increase; for residual fuel oil it was the first month since April 1982 that a year-to-year gain occurred. Exhibits I-IV visually indicate the dramatic effect of changes in distributor and end-user inventories on domestic deliveries of petroleum products.

Crude production remained stable, in the main because net increases in Alaskan production continue to offset slight declines in lower 48 production. Imports, while considerably above last January's, are approximately in line with recent months' levels.

Almost half the 62 million barrel drop in total inventories from December levels - twice the average January draw and the largest January drawdown in at least five years - is believed to have resulted from replenishment of non-primary inventories.

Production of major products increased substantially in January. Distillate output, for example, was up about 300 MBD over the prior-year level, approximately equal to the combined increase of base demand and weather-related additional needs.

Drilling activities showed mixed results. The number of active rigs fell roughly 3% from the prior month on a seasonally-adjusted basis but increased slightly over last January. The January report for wells drilled is not yet available. Year 1983 data had shown a decrease of more than 11%, with a decline in gas well activity more than twice the size as that for oil wells from 1982 levels. Because of reporting lags, the drop in total actual completions is likely to have been greater.

PRODUCTS SUPPLIED[1/]

Gasoline

The level of gasoline supplied rose 475 MBD (7.9%) over January 1983. Gasoline pump prices moved in a narrow range in January but, adjusted for inflation, were about 2¢ below last January—and some 35¢ (23%) below their early 1981 high. Real disposable personal income rose approximately 5% (Nov. 1982/Nov. 1983). The price decrease and the mid-year general turnaround of the economy are estimated to have accounted for about half the increase in gasoline deliveries over January 1983. The remainder is likely to have resulted from filling of non-primary storage that had apparently been at the low end of the seasonal range.

Unleaded gasoline's market share rose to more than 58%, a two percentage point increase over last January, much smaller than the roughly six-percentage-point advance experienced in the seventies, but in line with recent-year performance. Increases in unleaded's market share continue to be slowed down by below-normal vehicle scrappage rates and reduction in demand related to increased fleet efficiency.

Distillates

Distillates supplied rose 968 MBD (35.1%) compared with last January. More than 650 MBD of that increase can be traced to changes in non-primary inventory levels this year and last. Delivery levels last January were well below then-prevailing demand levels and some 300-400 MBD represents filling of distributor and end user storage this year. Part of this year's substantial transfer to secondary and tertiary storage is apparently the result of non-primary inventories having been unusually low for this time of year. However, some additional filling may well have taken place because of a perception that supply problems might develop in the wake of December's extremely cold weather and the temporary production problems it created. Recent production levels should eliminate that concern.

Gains in on-highway and railroad traffic increased actual demand by about 175 MBD over last January; the effect of colder weather added another 100-125 MBD.

Residual Fuel Oil

Residual fuel oil supplied levels rose 269 MBD (17.1%) over last January's, the first year-to-year increase since April 1982. We doubt this increase represents any strengthening of residual fuel oil demand. Rather, for residual fuel oil, too, it was apparently the result of inventory handling in non-primary storage resulting in below-average deliveries last year and stock replenishment this year of almost 200 MBD. Electric utilities alone had roughly 20 million barrels less inventory of heavy fuel (mostly residual fuel oil) in November of 1983 than a year earlier and had been increasing inventories only gradually over the prior several months.

Kerosine Jet Fuel

The level of kerosine jet fuel supplied rose 223 MBD (29.3%) in January compared with the prior year's "Miles flown" increased almost 6% for 11 months of 1983 versus the corresponding 1982 period. With December and January air traffic reportedly continuing at relatively high levels, a meaningful rate of increase is likely to have also been achieved during the past two months. Below-normal inventory levels in late 1983 and some slowdown of kerosine jet fuel deliveries in late December as a result of weather-related refinery disruptions may have left end-user storage somewhat below desired levels, causing larger-than-normal takings in January. This factor is likely to represent the largest portion of the near-30% January increase; the year-to-year increase in kerosine jet fuel use had been running at an average rate of only 4% during 1983.

Other Oils

Essentially similar developments as for the major products occurred for the remainder of the barrel, largely included under "other oils". As a result, an increase of 393 MBD (10.3%) is estimated for this aggregation of products. Undoubtedly, the colder weather spurred increased use of propane for heating purposes and weather-related crop preservation measures. Demand for non-LPG products, such as petrochemical feedstocks and asphalts, has been strong, as the chemical industry began to recover and highway building and maintenance programs accelerated. Reportedly, inventories, especially of non-LPG products, had also been below normal levels towards year end and were recently replenished.

JANUARY ESTIMATES

(In millions of B/D)

	1984	1983	% Change
—Total domestic products supplied	17.2	14.8	16.6
—Motor gasoline supplied	6.5	6.0	7.9
—Distillate fuel oil supplied	3.7	2.8	35.1
—Residual fuel oil supplied	1.8	1.6	17.1

PETROLEUM SUPPLY[1/]

Total supply increased 636 MBD above last January as a result of an 888 MBD increase in imports, offset by a 252 MBD decrease in total domestic supply.

Production

Crude production was up a minimal 0.2% over last January's level. The essentially stable level of total U.S. crude production over the past two years clouds the fact that there has been a gradual increase in Alaskan production, while lower 48 output has deteriorated somewhat. Despite this decline, however, the current level of lower 48 production is still more than 1.1 million barrels per day higher than would have been the case, had the downward trend of the price-controlled seventies continued.

Imports

Imports rose 888 MBD (21.4%) over last January's. Almost three-quarters of the increase was represented by product imports, which constituted 41% of total January imports, compared with about 35% in January of last year. Products have gradually been regaining a greater share of total imports after a steady decline in share during the seventies, mainly because of then-prevailing price controls.

United States dependency on foreign sources, based on "net" imports, was almost 26%, some 4% above last year's level. Mexico continued to be the largest supplier of U.S. imports in November, the latest month for which data are available, followed by Saudi Arabia, Canada, and the Virgin Islands.

Inventories

Total inventories represented 60 days of supply, stocks having fallen about 62 million barrels since December, almost twice the average January level. Assuming no interruption in foreign crude supplies, current stock levels are considered entirely adequate.

Gasoline inventories, at 35 days of supply, are close to the average prior to the early 1980's. Distillate stocks represent 32 days of supply, the lowest January "days of supply" level since 1977's 28 days. Because of the large build-up in non-primary storage, the current days of supply are understated. With crude inventories still high by 50-60 million barrels, additional refinery capacity on call, and distillate imports readily available on world markets, the current distillate inventory is considered adequate. Distillate imports in January averaged some 250 MBD, more than four times the prior-year level.

Exploration

The count of active rigs showed a slight downward drift during January but was minimally above January 1983 levels. January data for wells reported drilled are not yet available. 1983 data show wells drilled falling 11% below prior-year levels; however, because of lags in reporting, the drop in actual completions was probably greater.

JANUARY ESTIMATES

(In millions of B/D)

	1984	1983	% Change
—Total supply	15.9	15.2	4.2
—Crude production[2/]	8.7	8.7	0.2
—Crude oil imports[3/4/]	3.0	2.7	9.5
—Product imports	2.1	1.4	43.9

1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

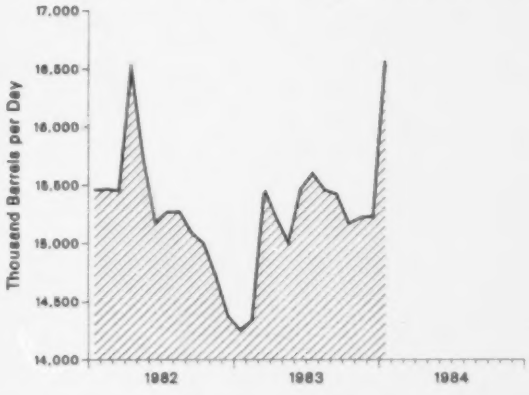
2/ Includes lease condensate.

3/ Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 384 million barrels as of January 31, 1984).

EXHIBIT I

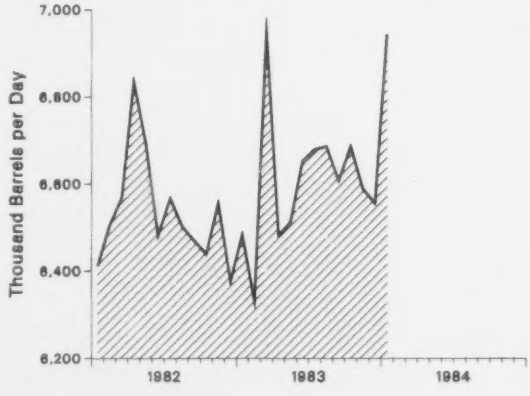
SEASONALLY ADJUSTED TOTAL PRODUCT SUPPLIED



Sources: Department of Energy, American Petroleum Institute

EXHIBIT II

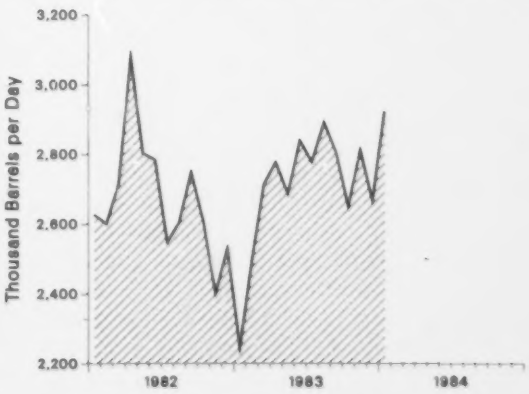
SEASONALLY ADJUSTED MOTOR GASOLINE SUPPLIED



Sources: Department of Energy, American Petroleum Institute

EXHIBIT III

SEASONALLY ADJUSTED, WEATHER ADJUSTED DISTILLATE SUPPLIED



Sources: Department of Energy, American Petroleum Institute

EXHIBIT IV

SEASONALLY ADJUSTED RESIDUAL FUEL OIL SUPPLIED

Sources: Department of Energy, American Petroleum Institute

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	JANUARY					
	1984[1]	1983[2]	% Change	1984[3R]	1983[2]	% Change
Products Supplied:						
Total motor gasoline	6,456	5,981	7.9			
Finished leaded motor gasoline*	2,696	2,630	2.5			
Finished unleaded motor gasoline*	3,760	3,351	12.2			
Naphtha-jet	216	184	17.4			
Kerosine-jet	983	760	29.3			
Distillate fuel oil	3,728	2,760	35.1			
Residual fuel oil	1,843	1,574	17.1			
All other oils[4]	4,197	3,804	10.3			
Reclassified[5]	- 199	- 296	(32.8)			
Total domestic products supplied	17,224	14,767	16.6			
Exports	648	973	(33.4)			
Total products supplied	17,872	15,740	13.5			
Supply:						
Domestic production:						
Crude oil[6]	8,676	8,660	0.2			
Natural gas liquids	1,639	1,668	(1.7)			
Other supply[7]	504	743	(32.2)			
Total domestic supply	10,819	11,071	(2.3)			
Imports:						
Crude oil, total	2,979 10/	2,720 10/	9.5			
Canadian	327	269	21.6			
Other	2,652	2,451	8.2			
Products, total	2,063	1,434	43.9			
Residual fuel oil	840	691	21.6			
Other	1,223	743	64.6			
Total imports	5,042	4,154	21.4			
Total supply	15,861	15,225	4.2			
Stock change, all oils	-2,011	- 515	XXXX			
Refinery Operations						
Input to crude oil distillation units	11,735	11,423	2.7			
Operable capacity	16,309	16,825	(3.1)			
Refinery utilization (%)[8]	72.0%	67.9%	6.0			
Crude oil runs	11,497	11,070	3.9			

Stocks (millions bbls.)	1984	1983	1983[2]	% Change from ...	
	Jan. 31[9]	Dec. 31[9]	Jan. 31	Previous Month	Year Ago
Crude oil 10/	344.5	348.8r/	360.9	(1.2)	(4.5)
Unfinished oils	106.3	104.8r/	110.3	1.4	(3.6)
Total motor gasoline**	225.0	229.7	250.9	(2.0)	(10.3)
Finished leaded motor gasoline*	92.3	96.0	106.2	(3.9)	(13.1)
Finished unleaded motor gasoline*	92.5	94.6	102.1	(2.2)	(9.4)
Naphtha-jet	6.3	6.9	7.6	(8.7)	(17.1)
Kerosine-jet	30.8	33.3	34.0	(7.5)	(9.4)
Distillate fuel oil	119.0	146.5r/	168.2	(18.8)	(29.3)
Residual fuel oil	43.2	49.9r/	60.7	(13.4)	(28.8)
All other oils	152.1	169.7r/	159.6	(10.4)	(4.7)
Total all oils	1,027.2	1,089.6r/	1,152.2	(5.7)	(10.8)

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source:
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.